

Old Age, Disability, Death

First and current law: 1935 (with numerous amendments).

Type of program: Social insurance system.

Coverage

Gainfully occupied persons, including self-employed persons.

Exclusions: Casual agricultural and domestic employment, and limited self-employment (when annual net income below \$400), and some Federal employees hired before 1984.

Voluntary coverage for employees of State and local governments, and clergy (mandatory coverage for employees of State and local governments not covered under a retirement system, effective July 1, 1991).

Applies in U.S., Puerto Rico, Northern Mariana Islands, Virgin Islands, Guam, and American Samoa, and to citizens and residents employed abroad by U.S. employers.

Special systems for railroad employees, Federal employees, and many employees of State and local governments.

Source of Funds

Insured person: 6.2% of earnings. Self-employed, 12.4%.

Employer: 6.2% of payroll.

Government: Cost of special monthly old-age benefit for persons aged 72 before 1968; whole cost of means-tested allowance.

Maximum earnings for contribution and benefit purposes: \$61,200 a year.

Automatic increase adjusted to wage levels.

Qualifying Conditions

Old-age pension: Age 65 (62-64 with reduction); gradually increasing to 67 over period 2000-27. Insured: 40 quarters of coverage (QC)(less for those reaching 62 before 1991). Pension reduced \$1 for each \$2 of earnings above \$8,040 a year for people under age 65, and reduced \$1 for each \$3 of earnings above \$11,160 for beneficiaries age 65-69. (Earnings limits adjusted annually based on average wage increases.) Payment to aliens abroad if reciprocity exists. However, alien dependents and survivors first eligible after 1984 generally must meet a residency test.

Disability pension: Inability to engage in substantial gainful activity due to impairment expected to last at least one year or result in death. Insured: 1 QC for each year since age 21, up to year disability began; maximum, 40 QC's. Also 20 QC's in the 10-year period before disability began.

More liberal requirement for young and blind.

Survivor pension: Deceased was pensioner or had 1 QC for each year since age 21 and before the year of death; maximum, 40 QC's. Reduced requirements for orphans and non-aged widow with eligible orphan in her care: 6 QC's in 13 quarters preceding death.

Old-Age Benefits

Old-age pension: Based on covered earnings averaged over period after 1950 (or age 21, if later) up to age 62 or death, excluding 5 years with the lowest earnings. (Earnings in years outside this period may be substituted, if higher.) Available at age 62, but reduced for each month of receipt prior to age 65.

No minimum benefit for workers reaching age 62 after 1981.

Maximum \$1,199 a month for workers retiring at age 65 in 1995.

Increment for each month worker delays retirement at ages 65-69.

Increment amount depends on the year the worker reached age 62, and is 5.5% per year for those age 62 in 1995-1996.

Adjustment: Automatic cost-of-living adjustment.

Dependents' allowance: 50% of worker's pension paid to wife or husband (or divorced spouse, if marriage lasted 10 years) at age 65 (reduced if 62-64) or to wife or husband at any age caring for a child under age 16 or disabled; to each child (or dependent grandchild) under age 18 or age 18-19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

Maximum family pension ranges from 150% to 188% of worker's basic pension.

Maximum family benefit for worker retiring at age 65 in 1995, \$2,099 a month.

Means-tested allowance payable to needy aged under separate Supplemental Security Income (SSI) program.

Permanent Disability Benefits

Disability pension: Based on covered earnings averaged over period after 1950 (or age 21, if later) up to onset of disability, excluding up to 5 years with the lowest earnings.

Adjustment: Automatic cost-of-living adjustment.

No minimum benefit for workers becoming disabled after 1981.

Maximum \$1,293 a month for workers becoming disabled in 1995.

Dependents' allowance: 50% of worker's pension paid to wife or husband (or divorced spouse, if marriage lasted 10 years) at age 65 (reduced if 62-64) or to wife or husband at any age caring for a child under age 16 or disabled; to each child (or dependent grandchild) under age 18 or age 18-19 and attending elementary or secondary school full time (no age limit if disabled before age 22).

Maximum family pension ranges from 100% to 150% of worker's basic pension.

Maximum family benefit for worker becoming disabled in 1995: \$1,940 a month.

Means-tested allowance payable to needy disabled and blind under SSI program.

Survivor Benefits

Survivor pension: 100% of deceased insured worker's pension at age 65 (reduced for 60-64); reduced pension if disabled at age 50-59. Payable to widow or widower or surviving divorced spouse, if marriage lasted 10 years. 75% of worker's pension for widow or widower or surviving divorced spouse at any age caring for child under age 16 or disabled.

Orphans: 75% of worker's pension for each child under age 18 or age 18-19 and attending elementary or secondary school full-time, (no age limit if disabled before age 22).

Dependent parent(s): 82.5% of workers pension at age 62, or 150% for 2 eligible parents.

Maximum total family pension: Based on worker's pension.

Maximum family benefit, assuming worker died at age 65 in 1995: \$2,049 a month.

Means tested allowance: Payable under Federal-State program to needy orphans and relatives with whom they are living.

Administrative Organization

Social Security Administration, which became an independent agency within the Executive Branch on March 30, 1995, administration of program through regional program centers, district offices, and branch offices.

Treasury Department, collection of Social Security taxes through its Internal Revenue Service, payment of benefits, and management of funds.

Sickness and Maternity

First and current laws:

Medical benefits: 1965 (health insurance for aged), 1972 (health insurance for disabled).

Cash benefits: Five State laws—Rhode Island (1942), California (1946), New Jersey (1948), New York (1949), and Hawaii (1969)—and Puerto Rico (1968).

Type of program: Social insurance systems.

Coverage

Medical benefits: Hospitalization, persons eligible for a pension age 65 and over, certain others who qualify at age 65, disability pensioners on roll for more than 2 years, and persons with chronic kidney disease. Other medical services available to these groups through voluntary insurance.

Cash benefits: Employees in industry and commerce in 6 jurisdictions. Most agricultural workers, except in New York. Self-employed in California may elect.

Contracting-out allowed, except in Rhode Island. (No programs in other 45 States.)

Special national systems for railroad employees (cash benefits) and Federal-State system for medically indigent (medical benefits).

Source of Funds

Insured person: Hospitalization, 1.45% (self-employed 2.9%), paid by all workers who are covered for old-age, disability, and death, plus some Federal employees. Other medical services, pensioners \$46.10 a month.

Cash benefits, up to 1.2% of taxable earnings according to State.

Employer: Hospitalization, 1.45% of payroll.

Other medical services, none. Cash benefits, variable contributions in Hawaii, New Jersey, New York (0.5% of payroll in Puerto Rico).

Government: Cost of hospitalization benefits for certain noninsured aged persons. Balance of cost of voluntary insurance for other medical services.

Maximum earnings for contribution purposes: No maximum (hospitalization) and \$6,900-\$38,000 a year (cash benefits).

Qualifying Conditions

Cash benefits: Minimum insured wages in last year (\$300-\$6,900), specific weeks of employment in last year (4-20), or combination of conditions.

Medical benefits: Hospitalization: Pensioner 65 or over, disabled and entitled to disability benefits, at least 2 years, or suffering from chronic kidney disease.

Other medical services: Meet requirement for hospital benefits, election of coverage and payment of required premiums.

Sickness and Maternity Benefits

Sickness benefit: 75% of earnings (Rhode Island), 66 2/3% (Hawaii), 53% (New Jersey). Variable proportion of quarterly or annual earnings (California, New York and Puerto Rico).

Supplement of \$5 a week per child up to 4 children payable in Rhode Island only.

Maximum benefit, \$113 to \$394 a week.

Payable after 7-day waiting period (waived in California and Puerto Rico from date of hospitalization) for up to 52 weeks.

Maternity benefit: Same as cash sickness benefits.

Workers' Medical Benefits

Medical benefits: Services furnished by providers paid for directly by carriers, or refunds to patients by carriers of part of medical expenses.

Hospitalization: Inpatient care provided for stays up to 90 days; beneficiary responsible for first-day deductible of \$716 (amount adjusted each year) and, for 60th to 90th day, 1/4 of first-day deductible amount per day. For stays longer than 90 days, coverage available for up to 60 lifetime reserve days with beneficiary responsible for 1/2 first-day deductible amount per day.

Posthospital skilled nursing facility care for additional 100 days (patient pays \$89.50 for the 21st to 100th day); laboratory and X-ray services for inpatients; and posthospital home health services.

Other medical services: Payment for 80% of reasonable charges above \$100 a year for doctor's services, outpatient diagnostic and physical therapy, laboratory services, appliances, and transportation. 100% of reasonable charges for home health services (after \$100 deductible paid).

(Medical services provided to medically indigent persons of any age under Federal-State assistance programs.)

Dependents' Medical Benefits

Medical benefits for dependents: (Available if age 65 and satisfies other qualifying requirements or has chronic kidney disease).

Hospitalization: Same as for insured worker.

Other medical services: Same as for workers.

Administrative Organization

Medical benefits: Department of Health and Human Services, general supervision.

Health Care Financing Administration, national administration of program in cooperation with Public Health Service, Social Security Administration, and State health departments.

Private carriers and public agencies, serving under contract as intermediary administrative agents, determine and make payments to providers of services or to patients.

Includes nonprofit Blue Cross and Blue Shield plans, commercial insurance companies, and group-practice prepayment plans.

Cash benefits: State employment security agencies except in New York (Workers' Compensation Board) and Hawaii (Labor Department).

Work Injury

First laws: 1908 (Federal employees) and 1911 (10 State laws).
Current laws: All States, Puerto Rico, and District of Columbia; Federal employees, longshoremen, and harbor workers; special Federal program for miners (pneumoconiosis). 4/5 of laws enacted before 1920.

Type of program: Compulsory (elective in 3 States) insurance through public or private carrier (according to State) or self-insurance.

Coverage

Employees in industry and commerce generally, and most public employees. Exclusions: Agricultural employees (20% of States); domestic servants (1/2 of States); casual employees (3/5 of States); employees of firms with fewer than 3-5 employees (1/6 of States). Coverage compulsory in all but 3 States, where it is elective.

Source of Funds

Insured person: Nominal contributions in a few States.

Employer: Whole cost in most States and most of cost in others, through either insurance premiums varying with risk or self-insurance. Average cost in 1994, about 2.3% of payroll. Cost of pneumoconiosis benefits for persons coming on rolls after 1973.

Government: None, except for own employees. Whole cost of pneumoconiosis benefits for persons coming on rolls before 1974.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: 66-2/3% of earnings, in most States. About 1/5 of States also provide supplements for dependents.

Maximum benefit: \$270-\$714 a week, according to State; about 4/5 of States have benefits that increase automatically with State wages. Payable after 2- or 7-day waiting period.

Benefits paid retroactively if injury lasts a specified period, ranging from 3 days to 6 weeks.

Permanent Disability Benefits

Permanent disability pension: 66-2/3% of earnings in most States, if totally disabled. Pneumoconiosis: \$427.40 monthly, plus up to 100% supplement for 3 or more dependents.

Constant-attendance and dependents' supplements provided in some States.

Maximum pension: \$270-\$817 a week, according to State and excluding dependents benefits. \$65 in Puerto Rico, \$1,273.94 for Federal civilian employees.

Payable for life or throughout disability in 4/5 of States, but only for 104-500 weeks or up to \$100,000-\$214,000 in rest.

Partial disability: Proportionate to wage loss, or full rate for fewer weeks in case of scheduled injuries.

Workers' Medical Benefits

Medical benefits: Medical care provided as long as required in all States.

Survivor Benefits

Survivor pension: 35%-70% of earnings of insured for widow; 60%-80% for widow plus children.

Pneumoconiosis: Widow, \$427.40 monthly with supplement for children. Family maximum, \$854.80. Maximum weekly pension: \$175-\$1,155 for widow only; 8 States pay higher for widow with children. Limited to \$65,000-\$250,000 or 231-700 weeks under 1/4 of the laws.

Other eligible survivors (some work-injury laws and pneumoconiosis): Dependent parents, brothers, and sisters.

Funeral grant: Lump sum of \$700-\$6,000, according to State (1/2 of States pay \$3,000 or more).

Administrative Organization

Administration of program by State workers' compensation agencies, in about 1/2 of States, State Departments of Labor in about 3/8 of States, and courts in 3 States.

Pneumoconiosis: Federal Government before 1974; State participation authorized after 1973.

Governmental workers' compensation funds exist in about 1/3 of States.

Employers must insure with State fund in 6 States; may insure with State fund or private carrier in 14 States; and may insure with private carrier in remainder. Self-insurance also permitted under all but 3 State laws.

Unemployment

Federal law: 1935 (requires tax on employers, with offset for contributions paid to approved State programs; grants to States for administration; and minimum administrative standards).

State laws: All States, Puerto Rico, Virgin Islands, and District of Columbia have separate laws creating own programs; State laws first enacted between 1932 and 1937.

Type of program: Compulsory insurance systems.

Coverage

Federal law: Employees of firms in industry and commerce.

Employees of nonprofit organizations with 4 or more employees during 20 weeks in a year. Almost all State and local government workers, domestics, and 2/5 of farmworkers are covered.

State programs: Employees covered by Federal law.

Exclusions: Some agricultural employees, employees of religious organizations, casual employees, family labor, and self-employed. Special Federal programs for railroad employees, Federal employees, and ex-servicemen.

Source of Funds

Insured person: None (except in Alaska, New Jersey, and Pennsylvania).

Employer: Federal tax, 0.8% of taxable payroll (6.2% basic rate less basic rate up to 5.4% State contributions; includes temporary basic rate of 0.2%). State programs: Basic rate, in most states 5.4%; actual rates varying from 0-10% according to individual employer's experience; average rate, about 2.6% in 1994.

UNITED STATES OF AMERICA

Government: Federal Government pays for administration of State programs from above Federal tax (balance used for loans to States or to finance extended benefit program).

Maximum earnings for contribution and benefit purposes: \$7,000 a year under Federal tax and 13 State programs; higher in other 42 jurisdictions.

Qualifying Conditions

Unemployment benefits: About 3/4 of States require minimum earnings in preceding base year equal to specified multiple of weekly benefit or high-quarter wages, or to specified total amount. 8 States require a specified number of weeks of employment (e.g., 15-20 weeks).

Registered at employment service, capable of and available for work. Unemployment not due to voluntary leaving, misconduct, labor dispute, or refusal of suitable offer (length of disqualification varies among States).

Unemployment Benefits

Unemployment benefit: About 50% of earnings, according to diverse State formulas. Minimum basic weekly benefit: \$5-\$73 (60% of States, \$30 or more). Maximum, \$133-\$347, excluding allowances for dependents. Maximum (in Massachusetts) including dependents allowances, \$504 per week. (2/3 of States, \$225 or more), according to State.

Dependents' supplements: About 1/4 of States provide \$1-\$95 a week per child and sometimes for other dependents.

Payable after 1-week waiting period in most States for up to 26 weeks according to State. Federal law provides up to 13 additional weeks in States with high unemployment.

(Assistance available in some States to workers ineligible because of insufficient covered employment and to needy unemployed exhausting benefit rights under Federal-State assistance programs.)

Administrative Organization

Department of Labor, administration of program nationally through its Employment Training Administration, Unemployment Insurance Service.

State employment security agencies, administration of individual State programs through their local employment offices. More than half of agencies are within a department of the State government; the remainder are independent boards or commissions.

Family Allowances

Federal-State system of aid (cash payments and social services) to indigent families with dependent children (AFDC).

Also liberalized Federal tax credits for low income families with eligible children.

Contact—Peter Puidak—202-282-7294
